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TESTIMONY OF

ROBERT J. PROCTER, BYRON G. KEEP, BYRNE LOVELL, CARIE E. LEE,  
TIMOTHY D. McCOY, AND KIMBERLY A. LEATHLEY

Witnesses for Bonneville Power Administration

**SUBJECT: Slice of the System Product**

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4 Witnesses for the Bonneville Power Administration  
5

6 **SUBJECT: SLICE OF THE SYSTEM PRODUCT**

7 **Section 1. Introduction and Purpose of Testimony**

8 *Q. Please state your names and qualifications.*

9 A. My name is Robert J. Procter. My qualifications are contained in WP-02-Q-BPA-60.

10 A. My name is Byron G. Keep. My qualifications are contained in WP-02-Q-BPA-34.

11 A. My name is Byrne Lovell. My qualifications are contained in WP-02-Q-BPA-44.

12 A. My name is Carie E. Lee. My qualifications are contained in WP-02-Q-BPA-70.

13 A. My name is Timothy D. McCoy. My qualifications are contained in  
14 WP-02-Q-BPA-46.

15 A. My name is Kimberly A. Leathley. My qualifications are contained in  
16 WP-02-Q-BPA-42.

17 *Q. Please state the purpose of your testimony.*

18 A. The purpose of this testimony is to: (1) summarize key features of the Slice  
19 product; and (2) to explain the purpose of proposing a monthly adjustment to a  
20 Slice purchaser's bill to account for Slice share of the additional cost of the  
21 financial portion of the Investor-Owned Utility Residential Exchange Program  
22 Settlement (REP Settlement).

23 *Q. How is your testimony organized?*

24 A. Section 2 provides background on the Slice product design and Slice rate design  
25 contained in the May Proposal. Section 3 address the proposed monthly bill  
26 adjustment.

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Timothy D. McCoy, and Kimberly A. Leathley

1 **Section 2. Background on the Slice Product and Slice Rate Design**

2 *Q. What is the Slice product?*

3 A. The Slice product is a power sale based upon a Slice purchaser's annual net firm  
4 requirements load and is shaped to BPA's generation from the Federal system  
5 resources. The Slice product includes both service to net requirements firm load  
6 as well as an advance sale of surplus power.

7 *Q. What do Slice purchasers pay to purchase the Slice product?*

8 A. The fundamental concept behind the Slice product is that Slice purchasers pay a  
9 percent of Federal Columbia River Power System (FCRPS) generating costs in  
10 return for the same percent of capability of FCRPS resources. Specifically, Slice  
11 purchasers will pay a percentage of the Power Business Line's (PBL) revenue  
12 requirement, with some limited exceptions, equal to the percentage of the  
13 generation for the Federal system resources that is purchased. Slice purchasers  
14 would pay this pre-established percentage of PBL's revenue requirement,  
15 regardless of weather, streamflow, market, or generation output conditions.

16 *Q. Does part of the Slice purchasers' financial obligation include paying a share of*  
17 *BPA's costs associated with the REP Settlement?*

18 A. Yes, consistent with the fundamental concept behind the Slice product described  
19 above, Slice purchasers are required to pay their proportionate share of all costs  
20 including costs associated with meeting the terms of the REP Settlement.

21 *Q. What is the Slice purchasers' proportionate share?*

22 A. If, as anticipated, 2,000 average megawatts of Slice are sold, the Slice purchasers'  
23 collective share of Inventory Solution costs will be  $2,000/7,070 = .2829$   
24 (28.29 percent). This percentage share of the augmentation costs will be adjusted  
25 downward in the final studies, if any Slice purchaser exercises its contractual right  
26 to convert to another preference product.

1 **Section 3: Monthly Bill Adjustment.**

2 *Q. What went into determining the increased costs incurred by the Slice purchasers*  
3 *because of the Supplemental Proposal?*

4 A. There is one component - the increase in the value of the financial portion of the  
5 REP Settlement.

6 *Q. Why BPA is proposing an increase in the financial portion of the Residential*  
7 *Exchange?*

8 A. Please see Burns, *et al.*, WP-02-E-BPA-70 and Doubleday, *et al.*, WP-02-E-BPA-74.

9 *Q. What is the rationale for this proposed change?*

10 A. This proposed modification is to assure that the General Rate Schedule Provisions  
11 contain this Slice bill adjustment in order that the monthly Slice bill continues to  
12 capture the Slice portion of the financial part of the REP Settlement.

13 *Q. Does BPA anticipate making any updates in this study or testimony before the*  
14 *Final Record of Decision is issued?*

15 A. BPA will update the study and testimony to reflect changes in any other study,  
16 testimony, or proposed policy that is referred to or used in this study or testimony.

17 *Q. Does this conclude your testimony?*

18 A. Yes.  
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